

## Message Text

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43

ACTION EB-11

INFO OCT-01 ARA-11 ADP-00 AID-20 CIAE-00 COME-00 FRB-02

INR-09 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 SS-14 NSC-10 AGR-20 L-03 STR-08

PA-03 PRS-01 USIA-12 TAR-02 RSR-01 /158 W

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R 232155 Z MAR 73

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 6682

LIMITED OFFICIAL USE BOGOTA 2365

E. O. 11652: N/A

TAGS: EGEN, CO

SUBJ: COFFEE: NATIONAL COFFEE CONGRESS- GOVT AGREE ON DOMESTIC  
MEASURES

REF: (A) BOGOTA CO-2042, NOV 9 1972

(B) BOGOTA 2313

BEGIN SUMMARY

EXTROARDINARY SESSION OF NATIONAL COFFEE CONGRESS APPEARS TO HAVE  
BEEN SUCCESSFUL. GROWER REPRESENTATIVES AND GOVT HAVE ANNOUNCED  
AGREEMENT WHICH INCLUDES IMMEDIATE INCREASE OF INTERNAL SUPPORT  
PRICE AND ROLLBACK OF RECENT RETENTION TAX INCREASE.

END SUMMARY

1. AFTER THREE DAYS OF SPEECH MAKING AND NEGOTIATIONS, IT WAS  
ANNOUNCED MAR 22 THAT COFFEE GROWERS AND GOVERNMENT HAD REACHED  
AGREEMENT. AMONG ITEMS OF AGREEMENT ARE FOLLOWING: (1) PACT  
MADE LAST OCTOBER WILL BE MAINTAINED ( REF A); (2) PRIMARY OBJECTIVE  
FOR THE NATIONAL COFFEE FUND WILL BE TO BUILD RESERVES EQUAL  
TO 50 MILLION DOLLARS ( PRESUMABLY FROM FUNDS SHARE OF INCREASED  
INTERNATIONAL PRICE). PREVIOUSLY, FUND HAD RELIED ON PERIODIC  
BORROWING TO CONDUCT ITS OPERATIONS; (3) REDUCE THE COFFEE  
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RETNETION TAX ON EXPORTS FROM 37.5 PERCENT TO 35.0 PERCENT:

(4) THIS YEAR, DEPARTMENTAL COFFEE COMMITTEES ARE TO RECEIVE 400 MILLION PESOS FOR SOCIAL- ECONOMIC PROGRAMS IN THE COFFEE ZONES:

(5) A COMMITTEE WILL BE ESTABLISHED TO SUTY POSSIBILITIES OF CREATING A FUND TO SUSTAIN INTERNAL COFFEE PRICES TO PROTECT FORWERS

REAL INCOMES FROM MARKET FLUCTUATIONS: (6) IMMEDIATELY INCREASE THE INTERNAL SUPPORT PRICE FROM 1,917.50 PESOS PER CARGA (125 KILOS) TO 1,985 PESOS.

2. COMMENT: THESE NEGOTIATIONS SEEMED TO PROGRESS MORE SMOOTHLY THAN THE OCTOBER NEGOTIATIONS. THIS APPEARS DUE TO GOVT WILLINGNESS TO NEGOTIATE. ALTHOUGH GOVT EXPRESSED ITS VIEWS FORCEFULLY, IN CONTRAST TO OCTOBER DID NOT IMPOSE RIGID NEGOTIATIONS GUIDE LONES. NEVERTHELESS, THE GOVT SEEMS TO HAVE MADE MINIMUM CONCESSIONS TO DAMPEN GROWERS DISSATISFACTION.  
SACCIO

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

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**Draft Date:** 23 MAR 1973  
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**Disposition Approved on Date:**  
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**Disposition Date:** 28 MAY 2004  
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**TAGS:** EGEN, CO  
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